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7 October 1957

MEMORANDUM FOR: The Director

SUBJECT: NIE 51-57: Consequences of Economic Crisis in India

BACKGROUND

1. This estimate was initiated under our regular program. It was originally scheduled for the IAC in January 1958. At the request of the Department of State it was rescheduled for 29 October. On 25 September the State Department indicated Mr. Dillon, Deputy Under Secretary for Economic Affairs, wanted an IAC-approved copy of the paper by 18 October for his use in discussions in the Department and in connection with his planned trip to India. Consequently, the paper has been produced on a "crash" basis.

SUBSTANCE

2. There are no reservations by the representatives. However, there was considerable controversy over Paragraphs 35 and 36. The State representatives were reluctant to include mention of unfavorable repercussions in Asian countries which have adopted a pro-US policy if neutralist India succeeded in its development program as a result of extraordinary aid from the US. The service representatives, especially the Air Force, felt a discussion of

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these repercussions to be essential. We have included a broad
statement recognizing the problem but not elaborating on it.
It is possible State may wish to reopen this point at the IAC
meeting.

FOR THE BOARD OF NATIONAL ESTIMATES:

**SHERMAN KENT
Assistant Director
National Estimates**

ONE: (7 Oct 57)

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